
AGENCY OVERVIEW
227 Bismarck State College

Date: 01/13/2011
Time: 11:08:57**Statutory Authority**

North Dakota Century Code Chapter 15-10-01.

Agency Description

As a community college, the purpose of Bismarck State College is to provide an educational environment of the highest caliber at a reasonable cost; to maintain a warm and wholesome social atmosphere; to provide opportunities for advanced knowledge, improved skills, high ideals and ethical standards; and to make learning an enjoyable, rewarding experience. Students may 1) earn college credits for transfer to a four-year institution; 2) complete training in a career-technical program; 3) keep job skills current through workforce training or take non-credit courses in subjects of personal interest. The college also recognizes the importance of promoting research, public service, economic development, and cultural awareness. The service areas include the immediate, contiguous geographical region for most programs, and statewide, regional or nationwide areas for select, unique programs.

Agency Mission Statement

Bismarck State College, an innovative community college, offers high quality education, workforce training, and enrichment programs reaching local and global communities.

Agency Performance Measures

The North Dakota University System publishes an annual accountability measures report each December, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the five cornerstones of the Roundtable Report, these annual reports provide a useful framework for focusing the assets of the University System on the high-priority needs of the state. The 2010 annual accountability measures report is scheduled for completion in December 2010, and will be the most current information available to the 2011 Legislative Assembly. This annual document serves as a primary tool for reporting on the agreed-upon North Dakota University System accountability measures and as a vehicle through which the system demonstrates its commitment to enhancing the economic and social vitality of North Dakota.

Major Accomplishments

1. Began enrolling students in the new Instrumentation and Control Technology program in the fall of 2008.
2. Continued record enrollment growth in the fall of 2009 with 4,020 headcount.
3. Launched new campus emergency notification system in March of 2008.
4. Acknowledged professor of history for earning 2008 Outstanding Teacher of the Year for Post-Secondary Education Award from Bismarck-Mandan Chamber of Commerce.
5. Continued innovative textbook rental program in bookstore, saving students \$51,500 in one semester.
6. Received significant federal funding to help BSC respond to education and training needs of the state's energy industry.
7. Formed a new partnership with industry called the Grow Your Own Program to assist business and industry in employee recruitment.
8. Chosen as one of the "Top 10 Best Places to Work" by Bismarck-Mandan Chamber Young Professionals Network.
9. Developed partnerships with military branches to provide online education to military personnel around the world.
10. Awarded first bachelor of applied science degree in energy management in May of 2009.
11. Opened the new Mystic Advising and Counseling Center which co-locates academic advising, counseling, job-seeking and multicultural program services.
12. Developed online management program for emergency response workers through a partnership with ND Firefighters Association.
13. Recognized several students for receiving awards from national student organizations and conferences.
14. Initiated new training programs, including Certified Nursing Assistant and Commercial Drivers License programs, through BSC's Division of Continuing Education, Training and Innovation.
15. Recognized staff member for receiving a national Campus Impact Award from the Council of Resource Development.
16. Recognized the women's volleyball team and basketball team for earning NJCAA Academic Team of the Year honors and men's basketball team for winning Region XIII Championship for third consecutive year.

AGENCY OVERVIEW
227 Bismarck State College

Date: 01/13/2011
Time: 11:08:57

17. Appointed BSC's first Distinguished Scholar of the Humanities to complement BSC's robust liberal arts and humanities education programs and events.
18. Received approval to begin offering the Renewable Generation Technology program to students in the fall of 2010.
19. Received designation as a Military Friendly Institution.
20. Developed partnership with Bismarck Parks District resulting in construction of the BSC Aquatic and Wellness Center on campus, which opened March of 2010.

Future Critical Issues

Two "Core Trends", identified in BSC's strategic planning process, will influence new program development: 1) advances in and proliferation of technology in the workplace and in society, and, 2) shift in national attention toward energy independence and conservation. It is important for community colleges to be responsive to the needs of business and industry in the community and region. BSC has experienced a period of unprecedented growth resulting in record enrollments. From the fall of 2000 to the fall of 2009, headcount enrollment increased 46%. Part of this increase was the result of BSC establishing numerous new programs over this period. In FY09 and FY10, new programs included Instrumentation and Control Technology and Renewable Generation Technology. New programs are the result of a need for trained workers in a specific curriculum in Bismarck/Mandan and our service area. This is part of the reason our local economy is so strong. Likewise, we have made recent strategic funding investments in existing program areas when the need has been evident. Some specific examples include support of online programs, and adding faculty in several academic program areas. Identifying new programs and the funding sources to develop them is a future critical issue.

Another "Core Trend" identified in the strategic planning process is that of changing methods for delivering education which is driven by an accelerated rate of technological change. This trend has an enormous impact on our distance education strategies. BSC has been a leader of distance education program and course offerings in the North Dakota University System. We offered our first online courses in 1998 and enrolled 67 students. Fall 2009 online enrollment was 1,915 students. The college has capitalized on a distance learning market niche with our energy programs -- our online energy technology programs (five are entirely on-line) currently enroll 565 students. This is a very large industry with significant resources facing a serious shortage of trained workers. The anticipated retirement of thousands of energy industry technicians in the coming years will bring opportunity to our BSC programs. We are strategically positioned to take advantage of this opportunity. BSC has also had significant demand and success offering distance learning curriculum in other program areas. It is clear that convenience and choice are having a major impact on our student market. Our strong local economy is providing employment opportunities for potential students, so we need to continually think in non-traditional ways in how we may still serve place-bound or time-bound adults. Our data suggests a need for more distance learning opportunities. In the short term this is done by adding additional sections of existing offerings as the need arises. In the long term this fundamental shift in campus demographics requires significant analysis and strategic planning. We know our online enrollments are increasing at a higher rate than traditional on-campus enrollments. We need to be sure our program mix and delivery is congruent with the needs of our community and market. Providing expanding distance education opportunities is a future critical issue.

Developing External Funding Sources

BSC has learned and recognized how external fund support has enhanced the College's ability to serve our students, faculty and staff. Grant writing is a priority at BSC and has resulted in numerous private and federal grants that greatly expanded our external funding source base. In FY2009, BSC received \$2.2 million for NECE laboratories and \$1.8 million for the Energy Workforce Western ND Higher Ed Consortium from the Department of Energy. In FY2010, BSC received \$1.5 million from Department of Energy to incorporate smart grid technology into our energy programs. In addition, BSC has received several Workforce Enhancement Grants from the state to enhance programs, including lineworker, welding and process plant technology. Maintaining our productive working relationships with the Governor's Office, ND Department of Commerce and Congressional delegation are extremely important. In addition, industry partnerships have been vital in securing federal and state funding by providing matching cash and in-kind donations. BSC also partnered with the Bismarck-Mandan community to enable construction of two outstanding facilities on BSC's campus: BSC Aquatic and Wellness Center (Bismarck Park District) and Career Academy (Bismarck Public School District). Our success with federal earmarked awards, workforce enhancement grants and Center of Excellence funding is a result of making a strong case for funding and demonstrating an ability to deliver on what we commit in meaningful ways. The continued development of external funding sources is a future critical issue.

Maintaining Enrollment Growth in a Climate of Decreasing Numbers of High School Graduates in the State.

AGENCY OVERVIEW
227 Bismarck State College

Date: 01/13/2011
Time: 11:08:57

Two additional "Core Trends" identified in the strategic planning process will impact enrollment growth: 1) changing demographic patterns, and, 2) increasing competition for students from private and for-profit educational providers, particularly competition in the area of online programs. It is clear that the number of high school graduates in North Dakota is declining. While the number of Bismarck/Mandan students are not in decline, the competition for our local students is accelerating. Our traditional rural recruiting area around Bismarck/Mandan will have fewer graduating seniors. We must maintain our sense of value and identity. Bismarck/Mandan is an attractive destination of traditional as well as older than average students and our commitment to distance learning and online education will fortify our ability to compete in an environment of a declining number of high school graduates. We have increased BSC enrollments and provided more higher education opportunities in Bismarck/Mandan through partnerships and collaborations with our sister North Dakota University System institutions. Niche program marketing on a regional and national level similar to our energy program offerings may provide not yet established opportunities for BSC. Additionally, partnerships with the Navy and potential partnerships with other branches of the military have the potential to significantly increase BSC's enrollments. We have had success using a model for program development and start-up that can be replicated and holds further promise for enterprising undertakings. The key for regional and national online delivery is the quantifiable demand and received value of specialized curriculum and industry networking and support. Maintaining enrollment growth in a climate of decreasing numbers of high school graduates is a future critical issue.

Effective Strategic Planning Tied to Budgeting

In our 2010-12 Strategic Plan (which was the result of the work of the entire campus), we identified "Core Trends" in our community and nation-wide that will have or already are having an impact on BSC. From these "Core Trends", we have identified goals and objectives to guide us through the next several years. We have also tied the Higher Education Roundtable cornerstones to strategic initiatives that become part of departmental budget requests. It is important to direct financial resources to areas of the budget that strategically fit our planning and mission while enhancing the economic and social vitality of our students and other constituents. Effective strategic planning tied to our budgeting process is a future critical issue.

Keeping Tuition at a Competitive Level

Another core trend is Bismarck's growth and potential to be a regional education hub. We are concerned that tuition at BSC has risen considerably in the past six years. While we remain competitive in the Bismarck/Mandan higher education market, we are high when compared to a national and regional basis for two year schools. 2008-09 data from the SBHE's 2009 Accountability Measures Report, shows NDUS two-year campuses to be 18.5 percent higher than the regional average and 25.7 percent higher than the national average. At BSC this is a direct result of the lack of state support for two-year schools as compared to other states. As enrollments have grown with the concurrent demand for programs and services, we have made difficult decisions to increase tuition levels. Our need for space while maintaining competitive salaries and staffing levels have all been contributing factors. We will clearly need to be effective and efficient in our financial management decisions. The affordability funding provided by the 09-11 legislature which allowed us to freeze tuition for two years was helpful in reducing the difference with regional and national rates, but continuing support will be needed to make us more competitive with our regional community college peers. Tuition increases have the effect of restricting access to those with limited financial resources and we need to make certain that our students have every opportunity to benefit from their education at BSC. Keeping tuition at a competitive level is a future critical issue.

Competing Campus Initiatives

The BSC Executive Council is a decision-making team that prioritizes funding allocations often when there have been many competing needs. There is no question that BSC has been underfunded from a long-term finance peer comparator perspective. Prioritization is evident when you consider how we have had to deal with increased enrollments, lack of facilities, PeopleSoft implementation and community expectations that impact on resource allocation decisions. Our faculty and staff have performed at a high efficiency level over a long period of time. We have made strategic investments in energy education, allied health and general education program areas. We have added staff support as a result of our new student and administrative system and to provide an enhanced level of student services. Most of this has been done in a period of growing enrollments and tuition revenues. We have also used institutional data to help guide our decision making. We believe that those initiatives clearly linked to your

AGENCY OVERVIEW
227 Bismarck State College

Date: 01/13/2011
Time: 11:08:57

core mission that have financial and quality of service attributes are likely to rise to the top of the priority list. It is during these more uncertain times that obstacles become opportunities and efficiencies can be truly achieved as we strive to serve our students in more effective ways. Making the right decision with limited financial resources when you have competing campus initiatives is a future critical issue.

Finding Funding Sources for Future New Physical Facilities

BSC has been anticipatory and proactive in providing new and improved physical facilities for our students and staff. In recent years we have leased the Horizon Office Building, Allied Health program space and Meadowlark Office building. With the help of industry and the BSC Foundation, we have constructed the Mechanical Maintenance facility in Mandan and the National Energy Center of Excellence. The new student housing facility - Lidstrom Hall was completed and occupied in fall 2008. In FY10, the BSC Aquatic and Wellness Center (a Bismarck Park District facility) was constructed on BSC's campus and is available for public, student and employee use. In FY11, a former administrative building will be converted into Mystic Hall, a 30 bed student housing facility and the Career Academy (owned by Bismarck Public School District) will be open for BPS and BSC program use. These projects demonstrate the mix of funding streams and support you need to establish needed facilities. This includes traditional legislative support from the State and revenue bonding, Foundation support through fund raising, City support from Bismarck and Mandan and federal funds earmark support. We do anticipate that future facility projects will require similar collaborative efforts. It is not easy to achieve funding for bricks and mortar. BSC has demonstrated an ability to work with various constituencies to achieve needed facilities. As our on-campus, collaborative, and high school student populations continue to grow, finding funding sources for future physical facilities is a future critical issue.

Recruiting and Retaining Quality Staff and Faculty

Increasing competition for employees is another "Core Trend" we've identified. Increasing employee turnover rates support this trend and competitive salaries are increasingly the reason employees are leaving. According to the most recent Report of the State Board of Higher Education's Committee on Employee Compensation, faculty salaries at NDUS two-year institutions lag the regional market by 30.3 percent. Staff lag by 2.9 percent. ND salaries at two-year institutions rank 47th in the nation. Past budgetary constraints and competing budget priorities have contributed to this competitive pay issue. The 2007-09 and 09-11 legislative appropriations for BSC recognized this disparity by providing a 5 percent per year salary increase. BSC went beyond this by providing an average 5.2 percent salary increase for FY2010 and 5.4 percent for FY2011 through reallocations and the use of other funding sources. Through the efforts of the legislature and BSC's internal reallocation, we have made some progress in reducing the regional and national salary differential. BSC believes knowledgeable employees are the single greatest resource and recruiting and retaining quality staff and faculty is a future critical issue.

REQUEST SUMMARY

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:08:57

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
By Major Program					
Bismarck State College	20,695,572	28,259,035	20,153,847	48,412,882	2,419,600
Total Major Program	20,695,572	28,259,035	20,153,847	48,412,882	2,419,600
By Line Item					
Operating Expenses	19,733,680	24,265,417	6,229,792	30,495,209	0
Capital Assets	961,892	3,652,981	6,764,692	10,417,673	2,419,600
Capital Projects Non-State Funded	0	0	7,500,000	7,500,000	0
Deferred Maintenance	0	340,637	(340,637)	0	0
Total Line Items	20,695,572	28,259,035	20,153,847	48,412,882	2,419,600
By Funding Source					
General Fund	20,695,572	27,849,535	13,063,347	40,912,882	2,419,600
Federal Funds					
Special Funds	0	409,500	7,090,500	7,500,000	0
Total Funding Source	20,695,572	28,259,035	20,153,847	48,412,882	2,419,600
Total FTE	105.38	111.51	3.05	114.56	0.00

REQUEST DETAIL

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Time: 11:08:57

Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Operating Expenses					
Operating Fees and Services	19,733,680	24,265,417	6,229,792	30,495,209	0
Total	19,733,680	24,265,417	6,229,792	30,495,209	0
Operating Expenses					
General Fund	19,733,680	24,265,417	6,229,792	30,495,209	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	19,733,680	24,265,417	6,229,792	30,495,209	0
Capital Assets					
Land and Buildings	488,700	3,409,500	6,590,500	10,000,000	1,519,600
Other Capital Payments	0	0	0	0	900,000
Extraordinary Repairs	473,192	243,481	174,192	417,673	0
Total	961,892	3,652,981	6,764,692	10,417,673	2,419,600
Capital Assets					
General Fund	961,892	3,243,481	7,174,192	10,417,673	2,419,600
Federal Funds	0	0	0	0	0
Special Funds	0	409,500	(409,500)	0	0
Total	961,892	3,652,981	6,764,692	10,417,673	2,419,600
Capital Projects Non-State Funded					
Land and Buildings	0	0	7,500,000	7,500,000	0
Total	0	0	7,500,000	7,500,000	0
Capital Projects Non-State Funded					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	7,500,000	7,500,000	0
Total	0	0	7,500,000	7,500,000	0
Deferred Maintenance					
Extraordinary Repairs	0	340,637	(340,637)	0	0
Total	0	340,637	(340,637)	0	0
Deferred Maintenance					
General Fund	0	340,637	(340,637)	0	0
Federal Funds	0	0	0	0	0

REQUEST DETAIL

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Time: 11:08:57

Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Special Funds	0	0	0	0	0
Total	0	340,637	(340,637)	0	0

Funding Sources

General Fund	20,695,572	27,849,535	13,063,347	40,912,882	2,419,600
Federal Funds	0	0	0	0	0
Special Funds	0	409,500	7,090,500	7,500,000	0
Total Funding Sources	20,695,572	28,259,035	20,153,847	48,412,882	2,419,600

CHANGE PACKAGE SUMMARY

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:08:57

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
One Time Budget Changes						
A-B 1 Major Capital Projects		0.00	10,000,000	0	7,500,000	17,500,000
A-E 2 Remove One time Funding for Def Mnt		0.00	(340,637)	0	0	(340,637)
A-E 3 Remove Capital Projects		0.00	(3,000,000)	0	(409,500)	(3,409,500)
Total One Time Budget Changes		0.00	6,659,363	0	7,090,500	13,749,863
Ongoing Budget Changes						
A-A 1 Parity		0.00	3,341,755	0	0	3,341,755
A-A 12 2009-11 Adjusted FTE		111.51	0	0	0	0
A-A 2 Equity		0.00	806,990	0	0	806,990
A-A 3 College Affordability		0.00	1,160,700	0	0	1,160,700
A-A 4 Base Plus Incr for Extraord Repairs		0.00	417,673	0	0	417,673
A-A 6 Bismarck Higher Ed Center Operating		3.05	780,000	0	0	780,000
A-A 7 Employee Retire Contrib Increase		0.00	140,347	0	0	140,347
A-F 2 Remove Base Funding for Extraord Repairs		0.00	(243,481)	0	0	(243,481)
Base Payroll Change		(111.51)	0	0	0	0
Total Ongoing Budget Changes		3.05	6,403,984	0	0	6,403,984
Total Base Budget Changes		3.05	13,063,347	0	7,090,500	20,153,847
<u>Optional Budget Changes</u>						
One Time Optional Changes						
A-D 1 Special Assessments	1	0.00	900,000	0	0	900,000
A-D 3 Small to Medium Size Capital Projects	2	0.00	1,519,600	0	0	1,519,600
Total One Time Optional Changes		0.00	2,419,600	0	0	2,419,600
Total Optional Budget Changes		0.00	2,419,600	0	0	2,419,600

BUDGET CHANGES NARRATIVE

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Time: 11:08:57

Change Group: A	Change Type: A	Change No: 1	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Parity

The long-term finance plan includes targeted state/student shares for each of the campuses. The student share of parity costs would be funded through tuition rate increases, except as noted in change code AA3. The requested parity increase, totaling \$3,341,755, includes the state share of the following increased costs for 2011-13:

- \$489,164 - Continuation of 10-11 legislatively funded salary increase at 5%
- \$1,407,582 - 11-13 salary increase of an average 4.5% per year.
- \$717,146 - 11-13 estimated health insurance increase of 10% per year or \$173.39 per month. Total projected premium of \$999.05 per month per employee.
- \$346,357 - Operating inflation (excluding utilities) of 2.1% for FY12 and 2.0% for FY13, based on projections from Economy.Com
- \$381,506 - Projected utility cost increases, based on recent actual and projected cost increases. While usage is projected to increase slightly, the majority of the requested increase is due to anticipated rate increases. We anticipate natural gas rates to increase 10% the first year and 5% the second year of the biennium. We anticipate electrical rates to increase more than 10% each year. Other utilities will see an inflationary increase of around 2% per year.

Change Group: A	Change Type: A	Change No: 2	Priority: 2
------------------------	-----------------------	---------------------	--------------------

Equity

The NDUS budget request includes a \$15 million increase for equity, distributed among the 11 NDUS campuses and SMHS, to address peer differentials. BSC's portion of the request is \$806,990. The LTF Plan requires a minimum of 15% of the total new funding be allocated to equity, after full funding of the state share of salaries and benefit cost increases in parity. The distribution of the equity request is based on a change to the LTFP, approved by the SBHE in January 2010--the average of the weighted percentage distance from peers and dollar distance from peer--with a minimum amount of equity funding to all campuses funded at less than 110% of their peer benchmark. The revised plan states that the minimum equity funding allocation will be a minimum of \$100,000 or 10% of total biennial equity funding, whichever is greater. For the 2011-13 budget request, 10% of the equity request is \$1.5 million, and 6 campuses (WSC, NDSCS, MaSU, MiSU, VCSU and DCB) will share in the minimum request of \$250,000 each.

The funds provided by this equity increase would be utilized to support new and existing programs that expand our capacity to meet the needs of our students, the community, and industry. BSC has identified the following initiatives that could benefit from the equity funding:

1. New programs and existing programs – Possible new programs include Petroleum Technology and Water Quality Management. Existing disciplines that could utilize additional funding due to enrollment growth include english, visual arts, chemistry, nursing and others.
2. Operational support for campus facilities – growing physical space has increased the need for support relating to buildings and ground maintenance.
3. Compliance support – ever changing and increasingly complex legal, regulatory and risk assessment environments are overwhelming existing departments and staff. Assistance is needed to assure effective training, reporting and compliance with federal and state laws, SBHE policies, and other regulatory agency rules.
4. Student support -- growing enrollment has increased the need for support relating to student academic advising.

BUDGET CHANGES NARRATIVE

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Time: 11:08:57

5. Faculty support -- support is need to assist faculty in creating, developing and maintaining classroom curriculum support materials.

If funding is received, part of the planning process would include identification of FTE and consideration of telecommute opportunities to the extent possible.

Change Group: A	Change Type: A	Change No: 3	Priority: 3
------------------------	-----------------------	---------------------	--------------------

College Affordability

Funding was provided during the current 2009-11 biennium to address student affordability, by freezing tuition at the two-year campuses and limiting tuition increases to no more than 4% at all other NDUS campuses. The SBHE went a step further and limited tuition increases to no more than 3.5% at the four-year campuses for each year of the 09-11 biennium. If the 2011-13 request is funded, the two-year campuses would continue to freeze tuition, and tuition increases would be limited to no more than 4% at the four-year campuses for an additional 2 years. If done consistently over a period of years, this would ensure two-year campus tuition rates remain affordable for those students least able to afford a college education, and will also help to begin to re-balance the state/student shares consistent with the Long-Term Finance Plan. Funding would cover 100% of the student share of parity cost increases at the two-year campuses, and would also cover a portion of the student share of parity costs at the four-year campuses.

At BSC, \$1,113,918 of additional state funding would freeze tuition for the 2011-13 biennium, and replace the need for an estimated tuition increase of 2.5% per year to fund the student share of parity. In addition, \$46,782 would be needed to fund 100% of the student share of retirement contribution increases included in budget change code AA7. Total affordability request is \$1,160,700.

NOTE: The ability to cap tuition rate increases, as outlined above, is contingent upon the following budget assumptions: 1.) parity costs are fully funded; 2.) campuses do not experience significant enrollment declines; and 3.) other budget components requested are funded (e.g. technology infrastructure and maintenance, etc.) so cost increases need not be absorbed within the current resource base.

Change Group: A	Change Type: A	Change No: 4	Priority: 4
------------------------	-----------------------	---------------------	--------------------

Base Plus Incr for Extraord Repairs

Currently, the campuses receive \$6,677,416 in base funding for extraordinary repairs, which is equivalent to an overall average of 9% of the OMB building and infrastructure formulas, ranging from 4.2% at LRSC to 14.2% at DCB. In the IBARS process, we are required to remove base funding for extraordinary repairs (see change code AF2). The 2011-13 NDUS budget request includes a total of \$4,441,130 to provide increased base funding for facilities and infrastructure repairs and maintenance, equivalent to 15% of OMB building and infrastructure formulas. The AA4 budget change code includes restoring the base amount removed in change code AF2, as well as the requested increase to reach 15% of OMB formula. BSC's portion of the request is \$243,481 for base funding currently received in 2009-11, and \$174,192 for the increase in base funding for extraordinary repairs for 2011-13. Total = \$417,673.

A prioritized listing of extraordinary repair projects is included in the extraordinary repairs subschedule (because of IBAR's requirement to do so), however these priorities can very easily change, due to unforeseen circumstances and emergencies. The priority listing is only a best estimate at this time. The actual use of these dollars will be left to the discretion of the institutions (with appropriate approvals by the SBHE where required for projects greater than \$250,000). All NDUS entities will be given the authority to allocate dollars to repair and replacement priorities for regular repair and replacement projects as determined by each entity.

Change Group: A	Change Type: A	Change No: 6	Priority: 5
------------------------	-----------------------	---------------------	--------------------

BUDGET CHANGES NARRATIVE**227 Bismarck State College****Bill#: HB1003****Date:** 01/13/2011**Time:** 11:08:57**Bismarck Higher Ed Center Operating**

The Center is currently used by the following campuses to facilitate program delivery in Bismarck/Mandan area: MISU, UND, DSU. \$780,000 would cover the operating costs (e.g. plant and support) associated with hosting other NDUS campuses, and would offset current payments made by campuses from student fee revenues. This would permit students to attend classes at the higher education center for the same cost as attending classes at the providing institutions.

The request includes \$280,000 for operating and maintenance expenses for the Higher Education Center, including utilities, insurance, custodial (1.4 FTE), maintenance (.4) FTE, buildings supplies and other miscellaneous expenses.

\$360,000 is requested for general campus physical plant expenses that are incurred to accommodate the students enrolled in the collaborative programs on BSC campus. Those expenses include custodial, parking lot maintenance, building maintenance and utilities.

\$140,000 is requested for IT (1.0 FTE) and student support (.25 FTE) for collaborative students and employees from partner campuses. IT services include telephone, networking, help desk, computer labs and IVN support. Student services include student activities, transcript evaluations, housing and student finance.

Change Group: A	Change Type: A	Change No: 7	Priority: 6
------------------------	-----------------------	---------------------	--------------------

Employee Retire Contrib Increase

Consistent with PERS proposal, this would increase Defined Benefit and Contribution retirement plan rates by 2% on 1/1/12 and 2% on 1/1/13, with 50% paid by employer and 50% by employee. BSC's portion of the request is \$140,347. This is the state portion only, and \$46,782 is also included in the affordability request in budget change code AA3 for the student portion...100% of the student portion at the 2-year campuses an amount to limit tuition increases to 4% at the 4-year campuses.

Change Group: A	Change Type: A	Change No: 12	Priority: 7
------------------------	-----------------------	----------------------	--------------------

2009-11 Adjusted FTE

Per SB2003 (Section 20), "the state board of higher education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. The university system shall report any adjustments to the office of management and budget before the submission of the 2011-13 biennium budget request." A report was run as of 4-30-2010 to determine the total "appropriated fte" as of that date. Consistent with the methodology used in previous biennia, the current year's annual budgets were used to estimate the amount supported by general fund only, based on the percentage of budgeted general fund revenue to total appropriated revenue.

Change Group: A	Change Type: B	Change No: 1	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Major Capital Projects

All details of the major capital projects will be included in the capital Assets Subschedule.

Change Group: A	Change Type: D	Change No: 1	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Special Assessments

BUDGET CHANGES NARRATIVE

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Time: 11:08:57

Funding to pay off outstanding special assessments, totaling \$900,000 at BSC, resulting in \$325,000 estimated savings in interest costs. BSC will have a significant special assessment addition in FY11 for work taking place on Canary Avenue adjacent to campus. Special assessments are not a factor in OMB's formula for deriving funding at the campus level. As a result, in 2011-13, more than 90% of our base extraordinary repair funding will be used to pay special assessment installments, leaving less than \$25,000 available for repairs and maintenance for two years.

Change Group: A	Change Type: D	Change No: 3	Priority: 2
------------------------	-----------------------	---------------------	--------------------

Small to Medium Size Capital Projects

In addition to the major capital projects that were prioritized by the SBHE for inclusion in the biennial budget requests (change code AB1), which typically include projects with individual costs of several million dollars, the Board also approved the inclusion of seven small to medium size capital projects for each campus. The cost range for the projects varied by campus as follows:

- Less than or equal to \$250,000 – BSC, LRSC, WSC, DSU, MaSU, VCSU, DCB
- Less than or equal to \$500,000 – MiSU and NDSCS
- Less than or equal to \$1 million – UND and NDSU

The details of these small to medium size capital projects are included in the Capital Projects subschedule

Change Group: A	Change Type: E	Change No: 2	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Remove One time Funding for Def Mnt

A total of \$20 million was appropriated to the campuses and Forest Service for one-time deferred maintenance in the 2009-11 biennium (SB2003-Section 7). BSC's portion of this was \$340,637. The use of this funding will be reported to the appropriations committees of the sixty-second legislative assembly, as required. The use of this funding through May 2010 is as follows: Building Exterior-\$82,205, Mechanical & Electrical Upgrades-\$75,377, Utilities & Infrastructure-\$22,798. The remaining balance will be used as follows: Mechanical & Electrical Upgrade-\$122,257, Utilities & Infrastructure-\$30,000, and Misc. Projects < \$50K-\$8,000.

Change Group: A	Change Type: E	Change No: 3	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Remove Capital Projects

To remove \$3,409,500 funding authorized for capital projects for the 2009-11 biennium, excluding those that received ARRA funding and have been removed in budget change AE1 (\$3,000,000 GF and \$409,500 OF). Campuses will report on the status of the individual projects to the appropriations committees of the sixty-first legislative assembly, as required. Funding was for the Technical Center renovation -- \$3,000,000 in General Funds and \$409,500 in other funds from the Bismarck Public School District. The project is expected to be completed by fall 2011.

Change Group: A	Change Type: F	Change No: 2	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Remove Base Funding for Extraord Repairs

BUDGET CHANGES NARRATIVE

227 Bismarck State College

Bill#: HB1003

Date: 01/13/2011

Time: 11:08:57

To remove \$243,481 base funding for extraordinary repairs. This base amount, plus an increase to the base, is being requestd for 2011-13, and is reflected in change code AA4. The status of this funding to date is Paving and Area Lighting - \$75,000 (special assessment installments) and Misc. Projects < \$50K - \$50,000 (security cameras in all buildings). The remaining funds - \$118,481 - will be spent primarily in Paving and Area Lighting for special assessment installments.

Change Group: R	Change Type: A	Change No: 1	Priority:
------------------------	-----------------------	---------------------	------------------

Recommended Parity

- Approves 2009-11 second year salary increase
- Adjusts health insurance to actual costs
- Provides for 3% annual salary increases for the 2011-13 biennium
- Removes operating inflation increase, which is consistent with other state agency budgets
- Approves utility increases as requested for inflation and new buildings

Change Group: R	Change Type: A	Change No: 2	Priority:
------------------------	-----------------------	---------------------	------------------

Retirement Contribution

Adjusts for the recommended 3% annual salary increase

Change Group: R	Change Type: A	Change No: 3	Priority:
------------------------	-----------------------	---------------------	------------------

Affordability

Provides funding to freeze tuition at the two-year campuses and limit tuition increases to up to 2.5% per year at four-year campuses

Change Group: R	Change Type: A	Change No: 4	Priority:
------------------------	-----------------------	---------------------	------------------

Equity

Provides \$10.0 million to be distributed to campuses per the long term funding plan formula.

Change Group: R	Change Type: A	Change No: 5	Priority:
------------------------	-----------------------	---------------------	------------------

Bismarck Higher Education Center Operating

Funding was not included in the Executive Recommendation

Change Group: R	Change Type: A	Change No: 6	Priority:
------------------------	-----------------------	---------------------	------------------

Higher Ed FTE

Per section 20 of 2009 Senate Bill 2003 the State Board of Higher Education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. FTE do not require approval in the executive budget.

Change Group: R	Change Type: B	Change No: 1	Priority:
------------------------	-----------------------	---------------------	------------------

BUDGET CHANGES NARRATIVE**227 Bismarck State College****Bill#: HB1003****Date:** 01/13/2011**Time:** 11:08:57

Capital Projects Not Funded

The Executive Budget does not include funding for the following capital projects requested by the campus:

Bismarck Higher Education Center - \$8,500,000

Change Group: R	Change Type: B	Change No: 2	Priority:
------------------------	-----------------------	---------------------	------------------

Special Assessments Pay-Off

Provides a one-time, general fund appropriation of \$4.3 million to pay off campus-wide special assessment balances for an estimated savings by paying early of \$2.4 million. BSC's special assessment balance pay off is \$900,000.